

CAS Ratemaking, Product and Modeling Seminar

Partner With Compliance for Product Development

March 14, 2023

Learn how policy wording affects your actuarial work and better understand how to work with state regulators. This session will be designed around an interactive game based on an insurance policy wording case study. We will focus on homeowners and commercial auto examples.

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Antitrust Notice

- The Casualty Actuarial Society is committed to adhering strictly to the letter and spirit of the antitrust laws. Seminars conducted under the auspices of the CAS are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings.
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- It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.

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Partner With Compliance for Product Development

Christine Perkovich O'Brien
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MARCH 14, 2023 | 10:30 AM – 11:45 AM PDT

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Agenda

Unlike most presentations, we request you take out your smartphone, laptop, or tablet!

- Meet the Presenters
- Let's Play a Game!
- General Comments
- Partner with Compliance During Product Creation
- Partner with Compliance During Product Filing
- Group Activity
- Final Comments from an Actuary
- Time for Questions



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Meet the Presenters

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Presenters



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JD, CPCU
Compliance Consultant
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**Reese
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Game Time!

STEP 1 – Go To: kahoot.it
STEP 2 – Enter **Game PIN**




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General Comments




Diverse Experience & Skills

- Your compliance team is likely built on diverse backgrounds and experiences, like ours (lawyers, paralegals, former regulators, and those with other insurance backgrounds).
- Our compliance team has certified (*not really*) Microsoft Word experts. Your team is likely the same.

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General Comments



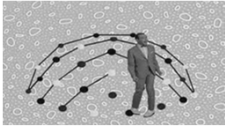
Non-Admitted Products

- We will be referring to preparing materials “for filing,” but many of these ideas apply to non-admitted products as well.
- Although non-admitted products are not subject to regulatory review/approval, the product must comply with certain state laws, such as unfair discrimination and termination notice requirements.
- Non-admitted products are still subject to DOI complaints and market conduct exams.

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General Comments



Regulator Connections

- Compliance regularly submits and manages product filings, but also works with DOIs on other matters, such as market conduct exams and licensing applications, so they typically have a list of contacts in each state.
- Your compliance team may also attend industry events, like the Association of Insurance Compliance Professionals (AICP) annual conference, and often interact with regulators.

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Partner with Compliance During Product Creation
AKA the best time to partner with compliance!

Compliance can:

- Advise whether the company should offer the product directly or whether partnerships with reinsurers, MGAs, or other companies would be beneficial.
- Advise whether the product can be written on a non-admitted basis.
- Work with actuaries to research competitor and similar offerings already in the marketplace, and help the company determine how to differentiate its product, underwriting, and claims handling from what exists in the marketplace.
- Work with actuaries to recommend whether a “me too” of a market leader or utilizing an advisory organization is the best basis of the rates, rules, and forms of the product.
- Work with actuaries to suggest common deviations from advisory organizations or competitor programs.
- Work with actuaries to suggest unique features or offerings from competitor programs.
- Recommend a state to be created first, which will then be used as the basis for the remaining states.

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Partner with Compliance During Product Creation

AKA the best time to partner with compliance!

Compliance can:

- Recommend an order of the remaining states depending on project priorities (key states vs. speed-to-market) based on current state approval timelines.
- Review and draft policy language to:
 - Ensure compliance with state laws/regulations;
 - Identify potential gaps or overlaps in coverage;
 - Incorporate company-requested deviations to gain a competitive advantage; and
 - Align policy language with company goals.
- Work with actuaries to ensure application captures necessary information needed for rating and appropriate rating information, limits, and deductibles are reflected on the declarations.
- Work with actuaries to draft underwriting guidelines to address the company's risk appetite.
- Work with actuaries to develop comprehensive rule manuals that are aligned with policy forms and rates.
- Provide actuaries with guidance on state laws/regulations related to rates and rules.

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Partner with Compliance During Product Filing

AKA the second-best time to partner with compliance!

Compliance can:

- Provide estimated filing approval timelines based on experience and publicly available information.
- Assist with determining which ancillary forms (applications, questionnaires, declaration pages, notices, ID cards) need to be submitted for DOI review and approval.
- Research and provide filing requirements by state.
- Assist actuaries with completing necessary state requirements and documentation.
- Prepare, submit, and manage state product filings for DOI review.
- Arrange pre-filing meetings with regulators to discuss concerns prior to submission.

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Partner with Compliance During Product Filing

AKA the second-best time to partner with compliance!

Compliance can:

- Monitor and manage filings throughout the review process.
- Work with actuaries when objections are received to:
 - Organize objection responses;
 - Ensure due dates are met;
 - Engage DOIs when clarification is needed on an objection; and
 - Research objections and provide suggested responses.




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Time to Try It

Let's look at this example and provide your suggestions on how to improve it

Your grade just for trying...

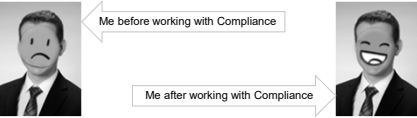


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Final Comments From an Actuary

Important Take Aways!

- Having a compliance team helps us build well-rounded products.
- Compliance is equipped with the skills to conduct regulatory research and interpret laws/regulations that affect rates and rules.
- Keeping communication open with compliance is important to ensure forms, rates, rules, and underwriting guidelines are aligned throughout the development process.
- Working with compliance professionals allows me the opportunity to view insurance through another perspective.



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Questions?

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Thank You for Joining Us!

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